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IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990S

Letter dated 13 September 1996 from the Permanent Representative of Burkina Faso to the United Nations addressed to the Secretary-General

In my capacity as Chairman of the African Group for the month of September 1996, I have the honour to request that the document entitled "Assessment by the Organization of African Unity of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s" (see annex) be circulated as an official document of the General Assembly, under item 44 of the provisional agenda.

(Signed) Gaëtan R. OUEDRAOGO
Ambassador
Permanent Representative of
Burkina Faso to the United Nations
Chairman of the African Group for
the month of September 1996

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ANNEX

Assessment by the Organization of African Unity of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

For the mid-term review of the New Agenda

Prepared by the General Secretariat of the Organization of African Unity

A. INTRODUCTION

1. The Forty-sixth Session of the United Nations General Assembly unanimously adopted the New Agenda for the Development of Africa in the 1990s (UN-NADAF, General Assembly resolution 46/151), following an in-depth terminal review of the United Nations Programme of Action for African Economic Recovery and Development [(UNPAAERD), 1986-1990 (Resolution S-13/2, Annex)]. The UN-NADAF represents a unique agreement between African States and the international community, with both sides committing themselves to specific and far-reaching efforts to accelerate Africa's development process. In this programme, the international community has accepted the principle of shared responsibility and full partnership with Africa, and has expressed its commitment to give full and tangible support to the African effort. The UN-NADAF recognizes that Africa's development is primarily the responsibility of Africans, and that the international community can lend support to the African endeavors. Although the goals and commitments stated in the UN-NADAF, were defined in a general form, they constituted policy guidance and points of reference for further action.

2. The circumstances which led to the adoption of UN-PAAERD and UN-NADAF are as valid in 1996 as they were in 1986 and 1991. Assessments made by African countries themselves or by other organizations and independent observers point to the fact that Africa's social and economic conditions actually deteriorated over the past decade. Poverty and unemployment have increased and these have been accentuated by increasingly restricted access of the majority of Africans to basic social services, such as education and health. To reverse this negative trend and promote development, there is need for solidarity among Member States of the United Nations to act in concert to address and find lasting solutions to the socio-economic problems facing Africa. The UN-NADAF provides an important framework for cooperation between Africa and the international community to address these problems. The international community and the countries of Africa should therefore renew their determination and commitment to the implementation of the UN-NADAF so as to achieve its social and economic development goals set for Africa in the 1990s and beyond.

3. The New Agenda, which is founded on the principles of shared responsibility and global partnership between Africa and the international community, is specific and focuses on goals and targets to be achieved during the period 1991 - 2000, as follows:

(a) African countries should attain an average real growth rate of at least 6 percent per annum of gross national product (GNP) throughout the period of the UN-NADAF;

(b) There should be accelerated transformation, integration, diversification and growth of the African economies;

(c) Special attention should be paid to human development and increased productive employment, and to the promotion of rapid progress towards the achievement of human-oriented goals by the year 2000 in the areas of life expectancy; integration of women in development; child and maternal mortality; nutrition and health; water and sanitation; basic education; and shelter.

(d) The New Agenda calls for the achievement of peace in Africa as a pre-requisite for Africa's development. The international community as a whole is called upon to cooperate with and support the efforts of African countries for a rapid restoration of peace, normalization of life for uprooted populations and national socio-economic reconstruction.

4. In order to achieve these objectives, the international community entered into a new accord with Africa, which spelled out clearly the firm commitment of the international community to support and assist Africa in its efforts to implement successfully its development agenda and to reduce, if not eliminate, external impediments and obstacles to Africa's accelerated socio-economic transformation. The UN-NADAF reflects a mutuality of commitments and accountability. It is composed of two parts: what Africa commits itself to do and what the international community commits itself to do.

5. A critical element of the support from the international community is the provision of adequate resource flows to Africa to achieve a set of quantitative targets agreed upon as follows:

(a) To attain the stipulated 6 per cent growth rate in GNP, the UN Secretariat estimated that the international community would be required to provide a minimum of US$ 30 billion in net ODA, in 1992, after which the real net ODA would need to grow at an average rate of 4 percent per annum; and

(b) The international community also reaffirmed its commitment to attain the United Nations targets of devoting 0.7 percent of GNP to ODA.

6. The UN-NADAF calls for a Mid-Term review of its implementation. As stated in the Agenda - Paragraph 46 - the OAU is expected to make an assessment and recommendations on the implementation of the New Agenda to be submitted to the General Assembly and the Economic and Social Council. This document constitutes the OAU's submission as required.

7. Since UN-NADAF is only in its fourth year, it would be difficult to state in precise terms the degree to which the various set objectives have been met. Nonetheless, an analysis of the commitments entered into, against what was actually done to implement the Agenda over the period 1992-1995, may provide insights into the level of involvement by African countries and the international community in the quest for economic recovery and sustainable development. Accordingly, the first section of this document deals with commitments entered into, and the initiatives taken, on the part of African countries to reform their political and economic situations. The second section focuses on an assessment of the implementation of the UN-NADAF by the international community. The third section is devoted to conclusions and recommendations.

B. INTERNATIONAL AGENDA

I. AFRICA'S RESPONSIBILITY AND COMMITMENT

I.1 Achievement of Sustained and Sustainable Growth and Development

8. In UN-NADAF, African countries committed themselves to the implementation of policies for the transformation of the structure of their economies in order to achieve growth and development on a sustained and sustainable basis. To this end, they committed themselves to persevere with necessary reforms and pursue improvement of domestic economic management, including effective mobilization and utilization of domestic resources.

9. Many African countries have endeavored to live up to their commitment. During the last decade or so, African countries have carried out economic reforms, sometimes at great political risks and social hardships. Since the adoption of the UN-NADAF, African countries have intensified their efforts to institute market-friendly macroeconomic policies and reforms. They have continued to undertake major domestic reform measures aimed at achieving greater coherence and prudence in fiscal, monetary and trade policy. They have undertaken budgetary reforms and have introduced restrictions on credit and monetary expansion. They have also contained the growth of public expenditure and have applied austerity measures and civil service reforms aimed at the rationalization of the structure of the public sector.

10. The fiscal policy reform in African countries has been concerned with trying to solve the persistent problem of huge budget deficits, in order to contain inflation and inflationary expectations in the economy. African governments recognize that greater fiscal discipline is essential for controlling inflation which has been a major factor in the stagnation of many African economies and falling standards of living. However, the curtailment of public expenditure has never been easy. The difficulty emanates from various political and social pressures on governments to provide some minimum levels of social welfare to the population and to maintain military spending in an increasingly turbulent and insecure socio-political environment.

Some governments have introduced measures designed to improve the productivity of public expenditure and investment through prioritization, streamlining and rationalizing the government budget.

11. Positive rates of growth in government revenue have been experienced in some African countries, but the performance generally fell short of budgetary estimates and targets, owing to the continued poor GDP growth rates in many economies and the erosion of the taxable base for excise duties, indirect taxes and direct income taxes. Tax reform has been a key component of the economic stabilization and revenue generation programmes of many governments, involving rationalization of tariff structure, fiscal decentralization, the introduction of value added tax (VAT) and presumptive taxation in order to broaden the tax base. Some of the other revenue policy measures undertaken in African countries included the introduction of government debt instruments, including bonds and treasury bills, for sale to the public.

12. The economic reform programmes in Africa are based on incentives for savings, on measures to stimulate investment, and on the empowerment of the private sector. To promote savings, the financial sector reforms in many African countries have included the strengthening of the regulatory framework and prudent guidelines for banking and non-banking financial institutions intended to safeguard public confidence and streamline operational viability and effectiveness of the financial sector. To promote investment, African governments have made efforts to create enabling environment and conditions conducive to both domestic and foreign investment. To empower the private sector, almost all African governments have embarked on privatization programmes and have enacted laws to create an atmosphere favorable for the private sector expansion and operation.

13. Privatization of public enterprises continued a pace in many countries, with many of them scaling down the number of inefficient enterprises. This has resulted in the increase of the share of private sector enterprises in the development process. However, privatization programmes fell far short of plans and expectations in many cases. African governments have preferred deregulation of trade and businesses as policy packages for boosting investment under the government privatization programme.

14. Many African governments have continued to undertake institutional reforms in order to improve management standards and raise the level of productivity. Many of them have continued price decontrol; removal of import licensing; removal of exchange controls; liberalization of pricing and movement of certain commodities; and liberalization of the petroleum market.

15. The deregulation and liberalization of the mining sector that began in some African countries in the late 1980s have continued, with some governments introducing new land and mineral legislation as well as fiscal reforms aimed at enhancing the role of the private sector. However, despite the reforms in the mining sector in many African countries, mineral production has remained export-oriented, with little or no forward linkages.

16. These economic reform measures were intended to deepen the process required to create conditions necessary to achieve the desired rapid and sustainable economic growth. They have been far-reaching and have produced positive results in terms of GDP growth. However the situation is still very fragile and faces problems of sustainability. Although the objective of the new agenda was not realized, the African economy experienced in the last four years steadily increasing annual growth rates. The gross domestic product (GDP) of Africa, at constant 1990 prices, grew by 2.3 per cent in 1995, compared to 2.1 per cent for 1994 and 0.7 per cent in 1993. Consequently, this turnaround has influenced positively the per capita growth rates in the countries south of the Sahara as a whole in 1995, excepting only 3 countries which experienced negative growth rates. Furthermore, 19 countries in Africa have been enjoying real GDP growth in excess of their population growth rates through 1995. More than a third of these countries recorded growth rates of 6 percent and above in the same year. This development is a vindication of the economic reforms and sound policies which African countries have been struggling to implement at considerable political and social costs in the last decade or so. It is a further confirmation of the recovery that has taken place in Africa in recent years and a sign that overall growth trends in Africa are beginning to gather momentum towards the recovery evident in the global economy. It is also a source of optimism on the prospects for economic growth and development in Africa during the coming decade.

17. Despite this improvement, African countries are not yet out of the rut. Africa's share in world trade has deteriorated steadily from 5% to 2.3% during the period 1990 - 1995. The debt burden continued to play a significant role in Africa's development constraints. Debt grew by an average rate of 1.5% between 1992 - 1995. Regarding resource flows, net ODA declined from US$25 billion in 1992 to US$21.5 billion in 1995 in the contrary to what was anticipated in 1992. In addition food situation still represents a serious problem in the continent. The value added of agriculture dropped from 4.2 in 1994 to 1.5 in 1995. Structural transformation of African economies is yet to take root. Many of the factors responsible for the weak economic performance in Africa over the years are still at work, and so are the development problems and challenges facing the continent. But the prospects of the continent emerging from them are now better than ever before. The current indications are that the capacity of African societies and economies for real and sustained growth are being increasingly realized. In the Cairo Agenda for Action, African countries have reaffirmed their determination to keep up their efforts in implementing the reform programmes.

I.2 Promotion of Regional and Sub-Regional Economic Cooperation and Integration

18. African countries recognize that regional and sub-regional cooperation and integration will bring about effective transformation of their economies. They have reiterated their commitment and determination to pursue with vigor the policy of achieving effective regional and sub-regional economic cooperation and integration as their collective strategy for sustainable and self-reliant development. To this

end, on 3 June 1991, in Abuja, Nigeria, they signed the Treaty establishing the African Economic Community. The Abuja Treaty entered into force in May 1994, following its ratification by two-thirds majority of the Organization of African Unity (OAU) Member States. The Treaty stipulates that the community shall be established mainly through the coordination, harmonization and progressive integration of the activities of the regional economic communities. The Treaty also stipulates that the Community shall be established gradually in six stages of variable deviation over a transition period not exceeding thirty four years. The activities to be undertaken during the first stage are to focus on strengthening of existing regional economic communities, and establishing new ones in regions where they do not exist. In viewing these provisions in the Abuja Treaty, the OAU, in cooperation with the ECA and African Development Bank has given priority attention to building close working relations between the AEC and RECs. A draft protocol on this crucial subject has been finalized, so that it will provide a framework for all the parties concerned to coordinate their efforts in the implementation of the Treaty.

19. To galvanize the efforts of the various regional economic groupings as well as of different segments of society to ensure popular participation in the integration process, African governments convened the Seventeenth Extra-Ordinary Session of the OAU Council of Ministers in March 1995 in Cairo, Egypt, to relaunch and strengthen Africa's economic and social development efforts. The Council adopted the Cairo Agenda for Action which was endorsed by the Assembly of OAU Heads of State and Government in June 1995. In the Cairo Agenda for Action, African governments have reaffirmed that the development of Africa is the responsibility of the African peoples themselves. Accordingly, they have underscored in particular what the African countries can do by themselves, especially by creating enabling environment for peace and for the development of the economies of their countries; they have also indicated what Africa expected from the international community. The Agenda reaffirms the commitment of African countries to cooperate among themselves in the implementation of the Abuja Treaty and to firm up the modalities for operationalizing the Treaty through strengthening of the regional economic communities.

20. Within the institutional framework provided by the African Economic Community, the regional economic groupings have also recommitted themselves to taking practical steps to harmonize and coordinate their activities and policies at the regional level for the effective implementation of trade liberalization and cooperation programmes and projects. Some regional economic communities have recently reorganized their priorities and functions to put them in line with the requirements of the African Economic Community. In 1994, the Preferential Trade Area of Eastern and Southern Africa (PTA) was transformed into the Common Market of Eastern and Southern Africa (COMESA); in the same year, the Southern African Development Coordination Conference (SADCC) transformed itself into the Southern African Development Community (SADC). The Economic Community of West African States (ECOWAS) has recently changed its constitution to be in line with the terms and provisions of the African Economic Community. The Economic Community of Central African States (ECCAS) is in the process of being

rejuvenated and reactivated into viable regional economic entity. With Respect to the Arao Maghreb Union (UMA) there is on-going programme to review the practical conditions and procedures of coordination between the OAU/AEC General Secretariat and the Secretariat of UMA.

21. In the Cairo Agenda for Action, African countries have reiterated their commitment to provide the regional economic communities with requisite political, financial and institutional support to carry out the tasks assigned to them by their respective treaties and by the Abuja Treaty. African countries have further committed themselves to continue to co-operate closely among themselves and to open their markets to African products as well as to develop and expand their production base.

22. The Cairo Agenda for Action recognizes that process of integration of the continent also involves the participation of all African peoples, particularly the economic operators, both public and private, trade unions, NGOs, women and youth organizations. African countries have therefore recommitted themselves to taking practical steps to galvanize the efforts of all these various groups for the implementation of the Abuja Treaty.

23. Following the signing and ratification of the Abuja treaty, the general Secretariat of the OAU embarked on a number of activities regarding the implementation of the treaty. At the beginning, most of those activities were concentrated in the preparation of the protocols to be annexed to the Treaty. Todate 19 protocols have been prepared, six of which have been discussed by the OAU Permanent Steering Committee (PSC).

24. To prepare modalities for and to work out a strategy and approach to the implementation of the Treaty, experts of the OAU/AEC Economic and Social Commission (ECOSOC) met in June 1996 in Addis Ababa. The Experts reviewed Draft Rules of Procedure, the draft work programme for ECOSOC and the draft protocol on the relations between the OAU/AEC and the RECs prepared by the Joint OAU/ECA/ADB Secretariat together with regional economic communities. The recommendations on these drafts will be submitted to the Ministers for consideration and for further submission to the Assembly of Heads of State and Government for decision.

25. The implementation of the Abuja Treaty is a matter of priority to the OAU, ECA, ADB and the regional economic communities. The Joint OAU/ECA/ADB Secretariat, established by the Assembly of Heads of State and Government of the OAU, has since 1991 held several meetings jointly with the regional economic communities to exchange views on ways and means of facilitating the speedy implementation of the Treaty. The Chief Executives of the OAU, ECA, ADB, and the regional economic communities have been holding consultative meetings as well. A major issue discussed by the Chief Executives has been how to jointly put together resources of their respective institutions to bear on the implementation of the Treaty.

26. During their seventh meeting in June 1996, the Chief Executives reiterated their commitment to do everything in their power to support the efforts of African countries towards economic integration as called for by the Abuja Treaty and the treaties of the Regional Economic Communities. They also indicated that, to be effective in carrying out their mandate regarding the implementation of the Treaty, they were restructuring their respective organizations accordingly.

27. African governments recognize that a major means of facilitating the integration process in the continent is the development of transport and communications. Accordingly, the Tenth Conference of African Ministers of Transport and Communications, held in Addis Ababa in March 1995, reaffirmed the continued relevance and critical importance of the Second United Nations Transport and Communications Decade in Africa (UNTACDA II), and urged member States to make every effort to support the national coordination committees and to facilitate, encourage and strengthen the activities of the national initiatives in fund-raising and implementation, taking into account the environmental impact of transport and communications projects. The meeting decided to reactivate the Trans-African Highways Bureau and to implement the Yamoussoukro Declaration on a new African air transport policy, urging United Nations institutions as well as African financial institutions to lend their support to the achievement of the goals of UNTACDA II.

28. In addition to their commitment to the reactivation of cooperation in the fields of traditional means of communication, African countries realize the importance of electronic communication facilitated by the growing influence of the information technology revolution. But movement towards full connectivity remains a big challenge since it requires concerted political action for reshaping of the existing telecommunications regulatory frame and adequate financial resources for upgrading communication infrastructure. Thirteen pioneer countries in Africa which are now fully linked to Internet have been experiencing reforms of their communication systems as they transferred some of their prerogatives to the private sector.

29. In order to set up the much needed regional productive capacities, the African countries and the regional economic communities agreed, in the Cairo Agenda for Action, to speed up integration through the implementation of common projects that will form an integrated development pattern leading to sustained economic growth, based on common interests and mutual benefits, as well as formulate lists of common projects that can attract international, governmental and private investments. There is an increasing need for rationalization and coordination of the existing cooperation organizations for more effective economic integration. Today there are more than 200 African cooperation organization, 80% of them are intergovernmental organizations, created and financed by Member States.

30. Funding the Economic integration process represents a serious problem. All REC 's face common problems of funding their programmes. So is the AEC itself. This is an important issue to be addressed in the mid-term review of the

implementation of the UN-NADAF. It should be noted that the African RECs have well elaborated programmes and projects, which if implemented, will contribute to the establishment of a solid base for Africa's economic integration. To this end the other Regional Organizations, the UN Development System, and all development partners of Africa should include in their Agenda Actionable programmes and mobilize resources for Africa's economic integration and the implementation of the AEC.

I.3 Intensification of the Democratization Process

31. The importance of peace in advancing Africa's development cannot be overemphasized. Without peace, security, stability, and democracy, other development factors could have only a limited impact. The democratization process that is currently underway in many African countries is the key to achieving peace, security, and stability. Africa cannot be expected to advance further if wars and civil strife continued, and if many people were still unable to participate fully and freely in the democratic process. The recognition of this fact prompted the Assembly of Heads of State and Government of the OAU, in July 1990, to adopt a Declaration on the Political and Socio-Economic Situation in Africa and the Fundamental Changes Taking Place in the World.

32. In the past five years, there has been a marked momentum towards democratic reforms, governance and popular participation in the political process in African countries. More than 30 African countries have recently held presidential and/or legislative elections and more are in the process of doing so. This development is a source of hope for the continent, as it augurs well for the participation of the civil society in the political process. To keep up the momentum, African countries recommitted themselves, in the Cairo Agenda for Action, to further intensify their efforts to institutionalize multipartism in their societies as a way of ensuring popular participation and deepening of democracy.

33. For democracy to take root, other conditions must be met. A major pre-requisite to democracy is good governance which refers to the degree of government accountability, openness, predictability, transparency, tolerance, and respect for the rule of law. The imperatives of good governance require that the leadership should not reserve privilege and power for itself, or for ethnic or religious elites. In the Cairo Agenda, African governments have committed themselves to ensuring the speedy promotion of good governance, characterized by accountability, probity, transparency, equal application of the rule of law, and a clear separation of powers, as an objective and a condition for rapid and sustainable development in African societies.

34. Democracy also requires a machinery that ensures its survival and facilitates its operations. Effective national agencies should therefore be put in place to ensure the equitable allocation of services and resources to all citizens, ensure fairness in economic transactions and civil procedures of all kinds. In the absence of such a machinery, democracy will founder on the shoals of social distrust and

ethnic conflict. The lack of either political or economic institutions in some African countries has resulted in the disintegration of social peace when there was a political opening up of Africa in the 1990s. In order to institute such a mechanism, African countries reaffirm their commitment, in the Cairo Agenda, to establish a policy of regionalization and decentralization to ensure the full participation of all the people, particularly the rural population at the grassroots level, in their own development, and to promote a sense of belonging.

35. In the Cairo Agenda for Action, Africa reaffirms its determination to press ahead with the democratization of development and the full implementation of the African Charter of People's and Human Rights, the African Charter for Popular Participation in Development and Transformation, and the Declaration of the Heads of State and Government of the Organization of African Unity (OAU) at their 1990 Summit on the Political and Socio-Economic Situation in Africa the Fundamental Changes Taking Place in the World. Africa is convinced that growth and development on a sustained and sustainable basis can come about only as a result of the full participation of the people in the development process, and to this end continues to be committed to pursuing the process of democratization.

36. While the majority of African countries have embarked on the path to democracy, in a few other countries, civil conflicts and political stalemates in governance have continued to aggravate the social and economic infrastructure, and disrupt and paralyse production, with important repercussions on the availability of even the most basic of social services. Recent wars in Africa have destroyed much of the socio-economic infrastructure. Countless African people have seen their lives and livelihoods disrupted by marauding armies, dislocated markets, and collapsed public services. The famine and hunger that have accompanied these wars have been reflected in Africa's increasing share of emergency and humanitarian food aid. The wars have also increased malnutrition and have inhibited domestic and foreign investment. More than 6 million people have been driven to seek refuge in neighboring countries and another 18 million displaced people within the borders of their own countries. The build-up of military capabilities to meet perceived internal or external threats have diverted resources that could otherwise have gone towards essential social sectors. In some African countries, there have been wanton abuses of human rights.

37. The effects of instability in one country have always spilled over to the neighboring states, resulting in huge population movements and displacement of persons; disrupting production and economic activities in general; and further paralysing already overburdened physical infrastructures, notwithstanding considerable humanitarian efforts at rehabilitation, repatriation and resettlement of refugees.

38. Africa is determined to take concrete steps to address the problem of conflicts in the continent. In 1993, the Assembly of Heads of State and Government of the OAU established within the OAU Secretariat the OAU Mechanism for Conflict Prevention, Management and Resolution. This is a bold and useful measure for the enhancement of peace which should be supported. The

international community is therefore invited to work closely with the OAU and lend support to this initiative by supplementing the African efforts in this undertaking. For more improvement in peace making operations, more resources should be mobilized for the OAU Peace Fund. Such mobilization of resources is first of all the duty of African governments and people but it should also involve the whole international community.

I.4 Investment Promotion

39. The achievement of rapid growth requires a high rate of investment in economic and social infrastructure as well as in human capital, backed up by high rates of domestic savings in both the public and private sectors. With the fall in the inflow of external resources in real terms and with little prospects for any major improvement in access to external savings, African countries need to maximize the availability of domestic savings and to invest them productively.

40. Domestic savings and investment in Africa have been inadequate. Although the overall investment ratio in Africa has recently risen to 21 per cent of GDP in the past few years, in about half of the African countries south of the Sahara it was actually less than 16 per cent. This ratio is inadequate for the attainment of an aggregate GDP growth rate of 6 per cent per annum stipulated in the UN-NADAF. Private savings in Africa has been historically low, not for lack of investible resources per se, but more so because of inadequacy in its mobilization and use for productive and growth-inducing investment. Greater efforts must be made by African governments to mobilize and manage public revenue through adopting appropriate policies, institutional arrangements and incentive structures.

41. In the Cairo Agenda for Action, Africa reiterates its commitment to the creation of an enabling environment that attracts foreign and domestic direct investment, encourages savings, induces the return of flight capital and promotes the full participation by the private sector, including non-governmental organizations, in the growth and development process.

42. In recent years, many African countries have established mechanisms to ease the bureaucratic procedures in granting licenses and permits for the establishment of business enterprises, including the simplification of investment approval processes through "one-stop" investment centres, establishment of investment promotion institutions and increased use of representative offices abroad to publicize local investment opportunities.

43. In an attempt to create a more conducive environment for foreign investments in small- and medium-scale enterprises, many African governments have established export processing zones (EPZs), offering a special package of incentives including reductions in corporate tax, special tax exemptions and incentives, reduction in import duties and utility tariffs and tax holidays.

44. Many African countries have discontinued price support policies in favor of price and exchange rate liberalization aimed at ensuring remunerative producer prices and productivity incentives. They have undertaken measures for further liberalization of prices and removal of remaining restrictions on imports. Retail prices have been freed from control, leaving only a small number of items of domestic consumption under control. Some countries have undertaken liberalization of interest rates. Important policy initiatives continued to be implemented to reduce central planning.

45. Most African countries have instituted policies for the promotion of export-oriented and import-substituting industries and have made provisions for economic and financial incentives to attract foreign capital. In an effort to improve the investment climate and encourage the flow of foreign direct investment into their countries, many African countries have done away with certain restrictive laws and national regulatory frameworks, thus permitting easier repatriation of profit and providing tax concession and other incentives to attract such investments.

I.5 Human Dimension

46. In the Cairo Agenda for Action, African countries emphasize that the development of human resources is fundamental to the sustainable and equitable development of Africa. The primacy of human resources development must therefore be maintained in all African countries' economic and social policies. They underscore the need for technical, scientific and technological education and reaffirm their commitment to giving priority in their development programmes to the basic needs of the people by meeting basic food requirements, providing primary health services, education and skills and generating productive and remunerative employment opportunities as a means of eradicating poverty.

47. Reduction and eradication of poverty is a major challenge facing Africa. Poverty has been increasing in some African countries at an alarming rate. Between 1985 and 1990, the number of people living in absolute poverty in Africa increased from 105 million to 216 million. The number of African people living below the poverty line has increased to nearly 50 percent of the total population in recent years. The United Nations has projected that the number of poor African people will rise to 304 million by the year 2000. Therefore, the scourge of poverty is the one social malaise that Africa must tackle in order to succeed in its quest for sustainable development. While African countries are committed to improving the living standards of their people, including the reduction of poverty, it is imperative that African governments place increased emphasis on social services and adequately targeted interventions in favor of the poor, especially infrastructure-targeted rural development.

48. The labour force in Africa is growing at about 3 per cent per annum while productive employment lags behind at 2 per cent annually. According to the 1995 African Employment Report, unemployment in the early 1990s was estimated at 20.0 per cent for the urban areas. The number of urban unemployed has been

growing at the rate of 10.0 per cent annually and was estimated to have reached a staggering 18.6 million in 1994. To arrest this trend, economies of the region will have to grow at a rate of about 5 to 6 per cent per annum in order to meet the employment needs of fresh entrants into the labour force.

49. The unemployment problem remains critical in Africa. It is particularly high among educated people including university graduates, and is alarmingly high in a number of African countries. The implications of large numbers of unemployed educated youth and university graduates are serious for Africa's social and political stability. Youth unemployment rates are about three to four times higher than for older workers, rising to some 40-50 per cent in some countries. Among women, it is two to three times higher than among men, partly through gender biases, but also because about 60 per cent of African women over 15 are illiterate, compared to 40 per cent of men.

50. The creation of modern employment opportunities depends crucially on the relevant education and skills of the young people. However, for the last two decades, the educational facilities in African countries have drastically deteriorated leading to a fall in standards. To reverse this trend African countries recommit themselves to allocate the necessary resources in their development plans and programmes for education and skills training. In the Cairo Agenda for Action African countries committed themselves to create the conducive working environment and adopt employment policies that would attract back its engineers, doctors, economists and other professionals.

51. Africa is further committed to ensuring equality of opportunity for women at all levels. In pursuit of this goal, most African countries have paid special attention to the gender issue and have taken measures to enhance women's contribution to social and economic development of their countries. They have committed themselves to ensuring the effective implementation of the regional and global platforms for action by strengthening the gender dimension in their programmes and by working toward achieving the gender balance in managerial positions.

52. In November 1994, African countries adopted the African Platform for Action in Dakar, Senegal. The fourth World Conference on Women, held in Beijing, China, from 4 to 15 September 1995, adopted the Beijing Declaration on Women and the Platform for Action. The Platform for Action endorses and encompasses the African Platform for Action. The Platform underscores the need to empower African women politically and economically; increase their education and training in science and technology, support their vital role in society and the family and protect their legal and human rights.

53. Women in Africa are increasingly becoming the hub of development in some countries and the main income earners for a majority of households. However, in many parts of the continent, cultural traits and taboos have continued to underpin the marginalization of women in the development process: low rate of participation of women in areas of education and labour force, their relatively high

unemployment rate in the formal sector, as compared to men as well as their lack of access to credit facilities for investment in self-employment generating activities. It is to be hoped that genuine efforts will be made by African Governments and peoples and their development partners to enhance the status of women and improve their participation in the development process within the framework of the Beijing Declaration and the Platform for Action.

I.6 Environment and Development

54. Africa faces many unique environmental problems, as presented by various African countries during the United Nations Environmental Conference in Rio de Janeiro in 1992. The preparation of National Environmental Action Plans in many countries clearly documented extensive environmental damage in Africa. Migration to the coastal areas of West Africa by people seeking employment and the resulting increase in population densities has placed stress on the natural resource base. Further, in many countries, the combination of distorted economic policies, population pressures, and low incomes are causing ever more fragile lands to be cultivated. As a result, environmental damage is increasing and agricultural productivity has declined. In several African countries, land and water degradation now seriously threatens the sustainability of growth. The rate of degradation of Africa's environment and loss of genetic resources and bio-diversity threaten the very survival of the peoples of Africa.

55. These unique environmental problems have been compounded by rapid population growth and poverty. The nexus between poverty, population and the environment is already one of the most important social and economic issues in Africa's future. The impact of continued high levels of poverty and high rates of population growth will be especially severe for the fragile and increasingly depleted natural resource base. Indeed, under conditions of increasing population and a larger number of the poor, efforts to protect or restore the environment will be increasingly costly. African countries must therefore take urgent measures to address the problem of poverty reduction and of reduction of environmental degradation.

56. Africa is fully committed to the promotion of sustainable development at all levels of socio-economic activity. Through the Bamako Convention, Africa took the decisive step of banning the import of toxic waste into Africa. Africa keenly participated in international negotitions on climate change, bio-diversity and the preparatory process of the United Nations Conference on Environment and Development, held in 1992. In all these negotiations, Africa was fully convinced that the problems of environment and development should be tackled in an integrated and balanced manner, fully taking into account the "polluter pays" principle. In the Cairo Agenda for Action, African countries agreed to establish national coordinating machinery to ensure integration of environmental issues into national development programmes as defined in Agenda 21 and in the African Common Position on Environment and Development. Moreover, the Plan of Action to Combat Desertification remains a viable framework for cooperation in the field

of desertification. The international community is called upon to contribute more effectively to the implementation of the Plan.

I.7 Population and Development

57. In 1996, the population of Africa is estimated at 728 million. It is projected to grow at around 3 per cent per annum, and is forecast to decline only slightly (0.1 per cent) by the year 2000. At this rate, the Africa's population will be about 856 million at the end of the century and by 2025, could more than double to 1,600 million.

58. The projected population increases will place a huge strain on the region's natural resource base and the ability of the people to provide adequate food and the governments to provide a minimum of social services, such as education and health. The increase in the labour force resulting from increases in population and the high proportion of young people will also place a considerable strain on the labour market.

59. To address the adverse consequences of the rapid population growth rates, most African countries have been pursuing an active population policy. While there has been a remarkable success in reducing fertility in a large number of countries over the last decade, the population of Africa is still growing at a high rate of around 3 percent per annum. African countries should therefore continue to place emphasis on family planning service delivery to achieve higher contraceptive use and on the promotion of programmes such as social marketing and community-based delivery to address demand for these services. To ensure better coverage of the population in the delivery of these services, greater reliance should be placed on private and other non-government entities.

60. Africa is committed to the deliberate and systematic integration of population factors into the development process in order, *inter alia*, to contain the tremendous strain and stress that a rapid rate of population growth puts on development. To that end, Africa will continue the efforts initiated under the *Kilimanjaro Programme of Action for African Population and Self-Reliant Development* in 1984, which currenity constitutes Africa's framework for devising and implementing national population policies, in all their interrelated aspects, including a reduction in maternal and child mortality and provisions for family planning and female education and the achievement of substantial and sustained increases in the quality of life and standard of living of the entire population. In Dakar (Senegal) in 1992, they adopted the *Dakar/NGOR Declaration on Population, Family and Sustainable Development*. The Dakar/Ngor Declaration was the African countries' contribution to the *International Conference on Population and Development (ICPD)*, in September (1994) in Cairo. . The ICPD adopted the Dakar/Ngor Declaration as part of its action plan.

61. African countries established the ***African Population Commission*** in May 1994 under the Joint OAU/ECA/ADB Secretariat. The Commission initiates policy guidelines and resolutions on population and development for consideration by the

OAU Council of Ministers and subsequently by the Assembly of Heads of State and Government. The APC will also monitor the implementation of resolutions and declarations adopted by the member States on population and development policy matters. Furthermore, it plays a coordination and collaboration functions among the member states in the field of population.

62. The social sector remained under great pressure in 1995 not only because of rapid population growth relative to economic growth in many African countries, but in part because of the severe cut-backs in expenditure in real terms particularly on education, health and medical care and social welfare. The quality of education has deteriorated in terms of declining primary school enrolment ratios, high and rising attrition and repetition rates at all levels, the flight of qualified teachers, a general deterioration in physical infrastructure, equipment and supplies. The crisis in the health sector has also become more intense, with lack of hospital care and access to adequate sanitation and community health services contributing to exposure to numerous preventable diseases. The tendency of African states to support with increasing funds in public budgets -education, health and the other basic social services, should be encouraged in all social and economic reforms. It became very clear that fiscal balances and low population rate of increase is not enough for the promotion of human resources development.

63. The United Nations Social Summit, held in Copenhagen, Denmark, in March 1995, agreed on a social contract to eradicate poverty and unemployment and build a new social solidarity across the world. The Social Summit was important for Africa which, in spite of having 33 out of the 48 LDCs in the world, attracted barely 6 per cent of the international investment needed to fight growing poverty. The Copennagen Summit adopted the "20-20 principle" according to which donor countries should reserve 20 per cent of their aid budgets for African social development, while the recipient countries correspondingly commit at least 20 per cent of their national budgets and match the external resources. It is expected that this will act as a catalyst to the promotion of employment, equality between men and women, universal access to education, adequate health care, and protection of workers' rights.

I.8 Agriculture, Rural Development and Food Security

64. Africa is essentially an agricultural and pastoral continent. Yet, food and agricultural output in the continent has declined substantially since the 1960s. Despite the recent recovery in GDP growth rates in Africa, the growth of output in agriculture has remained lacklustre. Agricultural productivity has stagnated across the continent and the per capita growth rates of food production have fallen over the past 10 to 25 years. This stagnation has been caused by drought, civil strife, and other factors.

65. The production of food in African countries is uneven. While the food situation in some parts of Africa has remained a serious source of concern and anxiety, there have been good harvests in others. Nevertheless, the food

production has remained generally poor in the continent. According to FAO, Africa currently accounts for 42 of the 88 countries classified as low-income food-deficit countries. Most of Africa's chronically food insecure people are also those in poverty; they lack access to food because of lack of income, assets or entitlement with which to produce, buy, or exchange sufficient food. These factors have resulted in food insecurity in a number of African countries south of the Sahara

66. The most disturbing fact is that the current trends in malnutrition in Africa have remained stagnant or have deteriorated in much of Africa in the last decade, as a result of economic decline and poverty. The United Nations has estimated that the number of undernourished African people is expected to rise from its current level of about 180 million to some 300 million by the year 2010.

67. The production of cash crops in Africa increased due to an increase of about 12 per cent in world prices for tropical beverages. The increase in the world demand has had a favourable effect on the production of coffee, tea and cocoa. Production of such industrial crops as tobacco, cotton and sugar also increased.

68. The production of food has presented a mixed picture. The production of aggregate grain and wheat fell, as was that of the livestock. However, rice production increased, as also the production of roots and tubers, which constitute 20 per cent of the total food supply in the region, increased, and was the production of fruits and vegetables. Production of pulses, a key part of the diet in many areas of the continent, has not shown any significant rise since 1990.

69. The African continent as a whole continues to experience food deficit for which commercial food imports and food aid are needed but are not readily available on account of inefficient marketing and distribution systems at the domestic level, and owing to a limited capacity to pay for imports due to escalating world cereal prices and foreign exchange scarcity. Total food aid deliveries to Africa fell in 1994-1995 for the second successive year and to the lowest level since 1989-1990. Food assistance is still urgently needed to avert crises in several African countries.

70. To achieve food security and strengthen self-reliance in food, Africa reaffirms its commitment to the continued pursuit of policies and strategies in the development of agricultural sector in order to enhance agricultural productivity, improve distribution mechanisms, and establish reliable market schemes, credit system and adequate storage facilities. This is clearly stated in the African Common Position on Food Security and the Cairo Agenda for Action as a duty of African government, and all components of the society, particularly the private sector and professional association.

71. To ensure food security practical steps should be undertaken. Priority should be given at the national level to the development of potential rural areas, appropriate diversification of agricultural output, rationalization of water resources, reduction of losses, adoption of new technologies and research results. In addition strengthening the government capabilities in planning, implementation and

monitoring of policies and programmes for agricultural expansion and food production.

72. At the regional level, African countries should exchange appropriate technologies and approaches to food and agricultural productions, strengthen cooperation through joint programmes in areas such as transboundary plant, pests and animal diseases and early warning systems....etc. In addition cooperation should be expanded to joint management of shared resources (specially river basins, lakes and fishery resources).

I.9 South/South Cooperation

73. In adopting the Cairo Agenda for Action, African countries underscored the importance of South/South cooperation as a necessary ingredient in pursuit of regional economic cooperation and integration in order to be competitive in world trade. They emphasized the need to take full advantage of the opportunities of South/South cooperation and forge partnership with the countries of the South.

74. Enhanced South/South cooperation between Africa and other developing regions, especially Asia, should be highly encouraged. A good number of the Asian countries, which have been able to make the best use of development assistance from the developed countries, by creating their own development dynamic, could in turn give Africa the benefit of their experience and resources. In this context, African countries participated in the Tokyo International Conference on African Development (TICAD) in 1993 held in Tokyo, and in subsequent seminars and workshops organized under the TICAD in Djakarta in 1994, Harare in 1995 and in Yamas Oukro in 1996 to bring together Africans and Asians to share their development experiences. In these meetings, the focus has been on what Africa could learn from the Asian development experience.

75. In the Cairo Agenda for Action, African countries have expressed their determination to intensify South/South cooperation which Africa is convinced is an indispensable element for the success of the new Agenda for international cooperation.

I.10 Role of Non-Governmental Organizations

76. Along with political democratization, there has come an explosion of non-governmental organizations (NGOs), active in both cities and the countryside. These groups - which include farmers' unions, women's associations, community groups, and other local grassroots movements - have deepened popular participation in development and given greater numbers of ordinary Africans a voice in shaping the policies that affect their lives. This trend is particularly significant at a time when many African countries are implementing painful economic adjustment programmes, designed to enable their economies become more internationally competitive.

77. The political transformation underway since the late 1980s has liberated and given voice to African civil societies. Everywhere in Africa, civic organizations, the press, and associations of all kinds are more active than they have been since the independence struggles. African governments are being held to a stand of accountability and effectiveness by their own citizens. The African governments are thus challenged to be responsive, tolerant, and competent.

78. The focus of the international agenda on popular participation, human resource development and capacity-building calls for an increased role for non-governmental organizations (African and non-African) in various areas, including the promotion of indigenous small-scale businesses, especially in the rural sector, community development projects, training etc. African non-governmental organizations should particularly be involved, without any administrative impediment, in the mobilization and efficient utilization of domestic resources.

II. RESPONSIBILITIES AND COMMITMENT OF THE INTERNATIONAL COMMUNITY

79. In the UN-NADAF, the international community commits itself to assisting Africa in its efforts to achieve accelerated growth and human-centred development on a sustained and sustainable basis. Such support is to cover the areas discussed below.

II.1 Solution of Africa's Debt Problem

80. Africa s total external debt, growing at an average annual rate of 1.5 per cent during the period 1990-1995, is the most constraining in terms of sustainability. Africa's external debt which was about US$270 billion in 1990, was estimated to reach the level of US$322 billion in 1995. The servicing of this debt accounts for over 30 percent of the continent's exports. The share of multilateral debt in the long-term outstanding debt of sub-Saharan Africa has risen from 13 per cent in 1980 to 31 per cent in 1995.

81. Africa's steadily rising debt which has accelerated over the past years, does not reflect the development of liabilities ensuing from new investments and contributions from new financial assistance. This debt results from accrued arrears and consolidation at interest rates applicable on money markets because of the inability of most African countries to settle their debts.

82. A contributing cause of the increase in external indebtedness of commodity-exporting developing countries has been the fall in real commodity prices. As such prices become more and more depressed in real terms, debt overhang is projected to accelerate further despite international strategies for debt reduction. The debt reduction/rescheduling initiatives, including the Toronto Terms and Enhanced Toronto Terms and, more recently, the Naples Terms, collectively fall short of what is required to alleviate the debt burden of the heavily indebted countries.

particularly in light of falling export earnings occasioned by declining commodity prices. New approaches embracing effective mechanisms for dealing with the immediate issue of depressed prices, excessive price instability and the revitalization of growth in the affected countries are required.

83. The proportion of total export earnings actually committed to meeting debt-servicing obligations remained at 20 per cent in Africa. The capacity of these countries to service their debt has not improved despite efforts at scaling down their debt burden and reduction in the volume of arrears within the framework of existing debt re-organization and forgiveness mechanisms. The debt-service arrears of the African countries south of the Sahara which represented only 11 per cent in 1990, escalated to more than 27 per cent of their debt stock in 1995. In some of the highly indebted poor African countries south of the Sahara, scheduled debt service could absorb as much as 90 per cent of the government revenue.

84. The volume of debt servicing has stabilized. But then with an average of US$ 28 billion over the past four years, it exceeds by far the yearly target of US$ 9 billion recommended under UN-NADAF. The variously successful strategies applied so far have laid emphasis on rescheduling and on limited debt cancellation. They have not made it possible to really release or make available to the economies the scarce development resources which still partly come from ODA.

85. Africa's debt burden constitutes a critical bottleneck constraining the recovery and development of the continent. Therefore, a major priority is to tackle Africa's external debt problem which is a serious threat to the continent's recovery and long-term development prospects. In spite of the implementation of several international initiatives, the situation has not significantly improved. Reducing the debt overhang to tolerable levels has therefore become imperative.

86. Since the adoption of the UN-NADAF, the international community, through various mechanisms initiated within the framework of the London Club and the Paris Club of donors, has continued to endeavour to address the debt problem. At the time the UN-NADAF was adopted, the London Summit in July 1991 of the Group of 7 major industrialized countries had already agreed that Africa deserved special attention; this was reitrated in the Lyon Summit of 1996. The summits called for additional debt relief measures in favour of the poorest and the most indebted countries, thus going well beyond the Toronto Terms. It also called on the Paris Club to continue its discussion on how these measures could best be implemented promptly. In addition the Trinidad and Tobago initiative as well as the Naples agreements had been proposed. These, theoretically have extended the scope of debt relief accorded to highly debt-distressed African countries.
However, the application of these initiatives since the early 1990s have had limited effects not only because they failed to match the magnitude and intensity of the nature of the debt overhang, but also because the major components of the debt stock had changed.

87. While bilateral debt is constantly rising and has remained the major component of external debt, private debt has dropped slightly. Multilateral debt

represents a growing proportion of the total stock of debt. Currently it accounts for about 31% of total debt stock of African countries south of Sahara. Nonetheless, these recent initiatives have gone a long way in addressing the problem of debt of the heavily-indebted African countries, even though they have been far from being adequate in solving the African debt overhang. Much more still remains to be done to address the debt issue adequately in order to find a lasting solution.

88. Individually, the donor countries of the Paris Club have initiated unilateral plans to reduce the bilateral debt of some countries on the continent. The Scandinavian countries have been among the first countries to do so. They have been followed by the Federal Republic of Germany, the United Kingdom, Switzerland, Japan and the United States of America. After the Franco-African summit held in Libreville in October 1992, France established an ODA debt conversion fund of US$830 million for four middle-income countries of the franc zone, namely: Cameroon, the Congo, Cote d'Ivoire and Gabon. The idea is to provide such relief to the countries as would cancel part of their official debt and channel the proceeds into the execution of development projects. In 1994, the United States of America proposed the cancellation of US$ 228 million corresponding to half of the debt of the 18 poorest African countries by extending to them the enhanced Toronto terms.

89. Successive increases in unpaid debt during the past decade have eroded the solvency of African countries and have made it difficult to attract new investments from sources other than multilateral institutions. Consequently, the share of debt servicing owed to multilateral institutions (IMF, World Bank, ADB) as part of total debt servicing obligations has increased. Multilateral debt servicing amounts have long outweighed the capacity of most African countries to repay and has been financed, to a large extent, by arrears which continue to increase. This is disturbing because no rescheduling agreements have been concluded on this category of debt. A debt service refinancing process has been operated by the World Bank within what has been termed the "Framework Action For Assisting Heavily Indebted Poor Countries", by using IDA resources. Furthermore, the IDA relief funds established in 1989 has successfully carried out, over four years, numerous operations to forgive the debt of the poorest African countries. It succeeded in redeeming for the Niger and Mozambique early in 1992 and Uganda in 1993, at an average price of 14 cents for each face value dollar, about US$ 385 million of overall debt. Similar buyback transactions were prepared in 1994 and are currently being carried out for Ethiopia, Guinea, Mali, Mauritania, Tanzania and Zambia. The IMF's SDR accrual approach also reflects the seriousness of the multilateral debt overhang. There are on going discussions and consultations between the Bank and the Fund of new initiative to address multilateria Debt. This is also true of discussions currently taking place at the ADB to introduce either a "fifth dimension" or a mechanism for solving the serious problem of arrears.

90. All things considered, the results recorded over the past four years fail to match expectations regarding debt rescheduling with multilateral institutions. The political and economic instability prevailing in some African countries have led them

to bend the rules of the World Bank prescriptions such as reduction of the public domain in all areas and giving market forces free play. This has adversely affected the holding of negotiations with the Bretton Woods institutions, thereby impeding, in many cases, the conclusion of debt rescheduling agreements.

91. The commercial debt constitutes a relatively small part of Africa's total debt stock. In recent years, the commercial banks have practically not been lending to indebted African countries. The application of the Brady Plan is encountering serious difficulties in Africa. Only Nigeria, which owes a heavy commercial debt, has been able to benefit from the Plan.

92. Africa's policy-makers and the international community as a whole have expressed the urgency for more imaginative strategies to scale down the continent's debt burden to manageable levels. At the same time, efforts should be stepped up and refined to keep the levels of debt payments within reasonable limits, as recommended in the New Agenda, i.e., a ceiling set at US$ 9 billion annually.

93. The magnitude and persistence of Africa's external indebtedness continues to be a matter of serious concern to Africa. The resolution of Africa's debt overhang is a pre-requisite for the revitalization of both domestic and foreign investment and for the strengthening of growth momentum. Therefore the current international initiative on ways of formulating practical approaches towards resolution of the problem is welcomed. Similarly, the efforts of the multilateral institutions on mitigating the burden of multilateral debt is welcomed. In this respect, the international multilateral development institutions should commit themselves to conclude their initiative effectively, so that the low-income debt distressed countries are able to move forward in gaining access to external resources required for sustainable growth. African governments and their development partners should reaffirm their commitment to vigorously pursue the search for meaningful and lasting solutions to the debt problem. The international community should reaffirm its commitment to pay requisite and urgent attention to address Africa's external debt crisis and the debt problems of African countries. The international community should also commit itself to continue to give serious consideration to the proposal for convening of an international conference on Africa's external indebtedness.

II.2 Resource Flows

94. A critical element of the support from the international community is the provision of adequate resource flows to Africa. These resources are needed to achieve sustained real growth in GNP per capita and to achieve an average annual growth rate of real GNP of at least 6 per cent by African countries over the course of the 1990s. The UN Secretariat has estimated that a minimum of $US 30 billion in net ODA is required in 1992, after which the real net ODA would need to grow at an average rate of 4 percent per annum. Resource flows considered here consist of two parts discussed below:

(a) Official Development Assistance (ODA)

95. Total ODA for all developing countries enjoyed from 1973 to 1992, a remarkable stability ranging from 0.32 per cent to 0.34 per cent of donor GNP. In 1993 and 1994, this percentage dropped below 0.3 per cent of donor GNP. This marks a further drift from the United Nations target set at 0.7 per cent of donor GNP. ODA flows which accounted for more than US$ 60 billion by the late 1980s, declined to almost US$ 55 billion by early 1994, and Africa's share of that dropped from almost US$ 25 billion in 1990 to less than US$ 21 billion in 1993. Although representing the most important source of flows for the African low-income countries, prospects for future ODA increases are slim.

96. Bilateral ODA to which donors have given priority has dropped drastically in Africa. Its main component is tied assistance. Another part of bilateral ODA is granted subject to many conditionalities. The granting of resources by the United States Agency for International Development (USAID) is subject to the fulfillment of the following conditionalities: the establishment of a democratic society, environmental protection, creation of conditions propitious for sustainable economic development and the implementation of a population control policy. France now largely directs its assistance to countries considered as development poles (middle income countries having a wide range of natural resources) while introducing some of the conditionalities stated above.

97. The distribution and quality of aid are also causes for growing concern. The distribution of ODA is markedly inequitable and unbalanced, as was fully indicated in the 1994 UNDP Report on Human Development. Ten nations in which 66 per cent of the world's poorest people live receive only 32 per cent of total bilateral aid. Furthermore, only 7 per cent of bilateral aid (representing 70 per cent of total ODA) is earmarked for "human priorities". These and other shortcomings in external aid including questions about the effectiveness of technical assistance programmes, the use of aid as an export promotion instrument, the lack of adequate supervision and verification procedures, etc., have been acknowledged by the Organization for Economic Cooperation and Development (OECD) Committee for Development Assistance and underlined at the World Summit for Social Development. It is hoped that the donor community would re-evaluate their assistance and take appropriate measures to make it more equitable and effective in favour of Africa.

98. In the light of the foregoing, the international community should introduce measures and devise programmes to encourage direct foreign investment in African countries, and support the policy changes undertaken by African countries to attract foreign investment.

99. Similarly, States that have reaffirmed their commitment to reach the agreed international target of devoting 0.7 percent of gross national product to official development assistance and 0.15 percent to least developed countries should implement as soon as possible the undertakings they have made in that regard.

African countries should also undertake to continue providing a better environment for the realization of the suggested estimate of the need to achieve an average of 4 percent real growth in annual financial resource flows to Africa, as outlined in paragraph 29 of the New Agenda.

(b) Foreign direct investment

100. The World Bank has estimated that the foreign direct investment (FDI) flows to developing countries was $90.3 billion in 1995. These flows were directed mostly to Asia and Eastern Europe. The most important recipient was Asia whose share accounted for 61 per cent of the total flows to developing countries in 1995, compared to 45 per cent during the period 1990-1992. In Africa in general, and in the countries south of the Sahara in particular, FDI declined by almost 27 per cent in 1995, from $2.9 billion in 1994 to $2.2 billion in 1995. Foreign flows on account of acquisitions by international firms were mostly motivated by promising investment prospects in countries producing petroleum and minerals where the privatization process has opened up increasing opportunities for investments in the two sectors.

101. While private capital flows have become a major source of financing for developing countries, African countries have not, however, been able to draw heavily on this source of finance, owing to low credit rating. An increasing number of African countries have embarked on the development of capital markets in order to encourage local and foreign private investment in securities. But only a few African capital markets with a potential for high rates of return have as yet attracted international investors, most of whom remain cautious.

102. African countries have not benefitted fully from the surge in world investment flows for yet another reason. The numerous constraints on foreign investment and the high cost of doing business in Africa, particularly the inadequate infrastructure and poor services, have led the average prospective investors to be pessimistic about the continent. As a result, the investment rate in many African countries is inadequate even to replace existing capital stock, let alone support new investments. Increasing the investment rate requires more effective results at resource mobilization, both from domestic and external sources. In this regard, Africa should make increased efforts to develop enabling environment to attract international private capital flows to supplement investments needed for growth. This calls for a systematic support for the development of the private sector which has served as powerful engine of growth in many countries, within and outside Africa.

103. However, as the growing number of countries pursuing reform programmes show signs of sound recovery and profitability and as economic liberalization improves prospects for private investment, there is increasing expectation that foreign investors would be attracted to Africa in larger numbers. Studies on FDI in Africa conducted by the United Nations Conference on Trade and Development (UNCTAD) in 1995 show that the rate of return on overseas direct investment is

higher in Africa than in any other region in the world, and that the continent's investment potential remains largely untapped. Indeed, the impressive track record of return on FDI in Africa belies the "miserable" image or pessimistic view that the average foreign investor generally has of Africa.

104. The recent developments attest to the fact that Africa is not the picture of conflict and disaster that is portrayed daily by the media. While it is true that some African countries are mired in conflicts and crises, the great majority of them are peaceful and have undertaken far-reaching political and economic reforms and have restructured their economies to become effective partners in the new international economic system. Africa therefore calls upon the international community to support these reforms and explore the unlimited potentialities of the continent for fruitful investments mutually beneficial to all involved. The international community should undertake to increase financial resource flows to Africa, as these are crucial in order to regenerate the growth and sustainable development of the African economies, to provide effective support to the political and economic reforms in which many African countries are now engaged and to help cushion adverse social consequences.

II.3 Commodities

105. Most African countries have continued to rely on a few primary commodities for much of their export earnings, exporting around 58 per cent of their products to the European Union (EU) market, with the EU providing about 47 per cent of their imports. For some countries the dependence on the EU is almost as high as 86 per cent. Africa has steadily lost its trade share in the EU market despite the fact that more than 70 per cent of Africa's total trade is with the EU.

106. African producers have been "crowded-out" by more efficient new producers of primary commodities in other regions. Countries in Asia and Latin America have now become major competitors in such products as coffee, tea, cocoa, timber and minerals. These countries were either importers or were very small players in the world market three decades ago but they have since made phenomenal success through strident diversification in production and trade. Inevitably, the static nature of the structure of exportable commodities has reduced Africa's share in world exports from 10 per cent in 1950 to 2.2 per cent in the 1990s.

107. Diversification is a strategic short- and long-term solution to the severe commodity problem in Africa which has impeded its economic recovery and development. In order to support effectively efforts to diversify commodity exports and boost earnings, the international community, particularly the major trading partners, should commit themselves to grant improved market access to Africa's exports. The international community should commit itself to correct imperfections in commodity markets. The developed countries should intensify their support to the commodity diversification efforts of African countries, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity

diversification programmes. In addition the common fund for commodities should be strengthened to enable it to support Africa's diversification efforts.

II.4 Support for the Diversification of the African Economies

108. Diversification of the African economies provides a major way out of commodity export dependence and its related problems and contributes to the achievement of more dynamic and resilient economies. While such diversification is primarily the responsibility of African countries, the international community should recognize that additional resources will be required to support Africa's diversification programmes, including development of specific infrastructural and support services and the development of information networks and related services for diversification programmes and projects.

109. Although some African countries have made attempts to diversify their economies, these efforts have not succeeded because the African countries have been pre-occupied with implementing economic reform programmes under the structural adjustment programmes. Yet economic diversification is critical for achieving a lasting and sustainable development for the African economies. It is therefore imperative that African countries should continue their efforts to diversify their economies, with a view to modernizing African production, distribution, and marketing systems, enhancing productivity and stabilizing and increasing African export earnings in the face of the persistent instability of the prices of most primary commodities.

110. The international community should support the proposal that an African diversification fund be established to provide an essential focal point to galvanize the technical assistance that is required and to provide additional finance for the development and implementation of diversification programmes and projects.

111. In order to support effectively efforts to diversify Africa's economies and to boost export earnings, the international community should commit itself to a substantial reduction in or removal of tariff and non-tariff barriers affecting African exports, particularly of processed, semi-processed and manufactured products, and to ensure continued preferential arrangements currently enjoyed by African exports.

II.5 Trade

112. Trade is the engine of growth: the more a country trades, the more it is likely to generate growth of its economy. For Africa, this observation seems correct: Africa has traded less and has therefore experienced low growth rates. The share of Africa in world trade has fallen steadily over the years from 5 percent in 1980 to 2.2 per cent in 1995. The decline of Africa's share in the trade of developing countries as a whole has been even more dramatic, from 14.9 per cent in 1980 to 10.9 per cent in 1990 and 6.4 per cent in 1995.

113. For the improvement of market-access to Africa's exports, the international community committed itself in the New Agenda to ensure an early balanced and successful conclusions to Uruguay Round. It committed itself also to correct imperfections in commodity market. Contrarly to this, while world trade was expected to grow by around US$200 billion as an impact of the Uruguay Agreement, the African continent was expected to lose about US$2.6 billion per year as confirmed by recent studies. Regarding market access, the outcome of negotiations has resulted in a number of obligations too difficult to be fulfilled by African countries.

114. The plight and performance of Africa's trade have been due, to a large extent, the price trends of a few commodities supported by many price stabilization systems. The conclusion of the Uruguay Round Agreements and the establishment of the WTO, provide for the review, or even the abolition of several of these systems. In this respect, intensified horizontal and vertical diversification must broaden the production and export base of African countries and guarantee their competitiveness in the new world trading environment.

115. Within the emerging international context, the development of intra-African trade through regional cooperation should be intensified. It offers an opportunity to coordinate economic and financial policies which make it possible to attain broader coherence and achieve a better bargaining position in multilateral financial and trade talks.

116. Intra-African trade continues to remain low, as many of the constraints and trade-related bottlenecks remain unaddressed. These include non-tariff barriers, stringent rules of origin and structural hindrances including poor physical infrastructure, undiversified production structures, lack of trade financing, poor trade information mechanisms.

117. As far as the external sector is concerned, the policies of export promotion and import curtailment are yet to bear fruit in many African countries. Africa's exports have not increased significantly in the short run owing to their inelastic structures and the increased competition on the world market. Import curtailment has, on the other hand, been hamstrung by the high elasticity of imports relative to domestic economic output. Only 15 African countries managed to maintain or increase the ratio of exports to GDP during 1995 whereas the majority of the countries experienced expanded import bills relative to GDP.

118. Perhaps the most important demand management instrument that has been widely used in the external sector of virtually all African adjusting countries including, for the first time in 1994 the CFA zone countries, is the foreign exchange rate. The magnitude of devaluation of African currencies has been quite large, reaching more than 50 per cent against the United States dollar in many cases, with some countries devaluing their currencies several times over within a short space of time and in large doses. African countries have moved progressively towards market-determined exchange rates and interest rates. The liberalization of foreign exchange rates has resulted in significant creeping

depreciation of currencies and the narrowing of the differential between "official exchange rates" and "parallel rates". As of mid-1995, 17 African countries had adopted an "independently floating" exchange rate regime, seven were on a "managed float" system, five on a "composite currency basket" system and 29 countries were still on a "single currency reserve system", with the largest of these in the CFA franc zone. A number of African countries acceded to article VII of the IMF Articles of Agreement, thereby committing themselves to the non-reimposition of restrictions on transactions on the current and, possibly, capital accounts.

119. The environment of trade liberalization and currency depreciation in many African countries has attracted an upsurge in imports of cheap manufactures and second-hand goods from the Far Eastern Asian countries, as a result of weak competitive strength of domestic goods and prohibitive local production costs.

II.6 Support for Regional Economic Integration: Environment, Science and Technology

120. In the UN-NADAF, the international community has committed itself to support African countries in their efforts to establish the African Economic Community, strengthen the functioning of existing subregional intergovernmental Organizations, stop environmental degradation and enhance Africa's scientific and technological capacities.

121. The internaitonal community is aware of the fact that Africa's economic integration is the most effective way for policy coordination and the establishment on a continental scale of a framework for development. It is also aware that economic integration permits Africa to mobilize and utilize its material and human resources, optimally utilize its existing production capacitities in order to achieve self-relient development. Despite this important reality the support of the international community to Africa's integration efforts was very limited.

122. Funding the integration process in Africa represents a serious problem to be faced. As stated clearly in the Cairo Agenda the international community is not expected to fund Africa's projects and programmes. Africa should rely mainly on its own resources. Meanwhile an adequate support from the internatioal community is necessary.

123. Africa's low level of science and technology base is highly inadequate for the requirements of modern development processes in fields such as agriculture, industry, health, etc. There is therefore an urgent need to build up and strengthen Africa s capacity in the field of science and technology, if Africa is to be efficient and competitive in its production and thus participate in the increased flows of advanced technologies and globalization of production processes.

124. African countries are committed to the intensification of their efforts in human resources development and capacity-building, especially in science, technology and management, and to taking measures to arrest and reverse the brain drain. In the Cairo Agenda for Action, the African governments have

reiterated their commitment to human resources development and capacity-building as well as creating conducive atmosphere to reverse the brain drain. To achieve this goal, the support of the international community is required. The international community should therefore support African countries in their efforts to acquire and utilize scientific knowledge and production technologies.

125. The information revolution is changing the world's economy. Member States are urged to take advantage of this revolution in accordance with Africa's Information Society Initiative (AISI): An Action Framework to Build Africa's Information and Communications Infrastructure. This Action Plan was adopted by the twenty-second meeting of the ECA Conference of Ministers (812 (XXXI)). It aims at utilizing information technology to accelerate development across the continent and focuses on priority strategies, programmes and projects which can assist in the sustainable build up of an Information Society in African countries in accordance with the regional integration goals of the AEC. In accordance with the AISI, Member States are urged to formulate, develop and implement national information and communication plans. Functioning and linked informatics systems will greatly foster the exchange of economic and commercial information which is necessary for inter-state economic cooperation. To attain this objective, the international community should lend support to African countries to enable them take full advantage of this new information technology.

II.7 Role of the United Nations System

126. The United Nations system should play a major role in the implementation of the international Agenda. The new Agenda stipulates that the United Nations system should also contribute to ensuring an efficient follow-up and monitoring of the implementation of the international Agenda. In this respect, the United Nations has set up an Inter-Agency Task Force UN-IATF. The OAU has been attending the meetings of the Task Force. The main task of the Task Force was to undertake a continuous assessment of Africa's performance in the areas outlined in the agenda, with a view to have a great impact in maintaining the momentum within and outside Africa and, eventually, for renewed commitments to the agreed objectives and targets. The UN-IATF has convened six regular meetings of procedural nature. The only achievement of this body was the elaboration of system wide plan of action waiting for implementation. The Task Force needed revitalization to carry out its mandate effectively.

127. The UN-NADAF stipulates further that the various United Nations organizations and specialized agencies, in their respective areas and sectors, should devise specific programmes for Africa which are consistent with the elements of the Agenda, and devote adequate resources for their implementation. However, it is not clear that this has been done. Each agency has continued to undertake those activities which were planned before the Agenda and continued to do the same after the UN-NADAF. It is difficult to pinpoint specific programmes that were established by any of the UN specialized agencies specifically for the implementation of the New Agenda.

128. There is no other legislative organ in the UN-System except the General Assembly which has taken specific actions on the UN-NADAF. The specialized Agencies, Funds and programmes of the system have no policy directives from their govering bodies and chief executives to promote and support the Agenda, or mobilize resources for additional activities for Africa.

129. Within the framework of commitments of the United Nations system in Africa, the budgets of the main organizations involved in relief operations (UNHCR for refugees, WFP for food relief and UNICEF for children) on the whole recorded an increase in all United Nations disbursements in respect of development assistance while funds allocated to UNDP and other more development-oriented organizations were reduced.

130. Emergency relief which is expected to continue rising is merely short-term assistance granted at the expense of development financing. What African countries need is long-term financing that enables the continent to achieve self-sustained economic growth and face up to the problems with which emergency relief has to grapple.

131. By the General Assembly Resolution 49/142, the Secretary-General was requested to ensure that the Inter-Agency Task Force for the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s accords high priority to the consideration of the diversification of African economies and to the coordination of activities of the relevant organizations and programmes of the United Nations system in this field. The terms and provisions of this mandate have not been implemented. The Task Force is urged to take concrete and urgent steps for the implementation of this resolution.

132. Africa welcomes the effort of the Secretary General of the United Nations for launching the United Nations System-wide Special Initiative on Africa. The Initiative is complementary to the UN New Agenda for African Development (UN-NADAF) and is drawn from the Cairo Agenda for Action. It provides a framework for focusing the contributions of various UN agencies and other donors on Africa's key development issues.

133. The implementation of the Initiative requires a financial commitment amounting to $US25 billion, spread over a ten-year period. These funds are expected to come from national budgets of African countries as well as funds provided by multilateral and bilateral donors. In addition to the substantive aspects, the United Nations system will lead in a number of fundamental reforms to improve the efficiency and impact of international development cooperation and ensure, through the Special Initiative, that the previous initiatives on Africa - United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) and the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) - are reinforced and given added practical expression. The totality of the reforms would focus on regional fora to create frameworks for cooperation; national sectoral programmes to base assistance in key sectors and key inter-sectoral goals requiring an integrated approach to agreed national plans

of actions under government leadership; and broadening participation in consultative groups and/or round-table meetings to include private profit and non-profit organizations to enhance the quality and support of these exercises.

134. The initiative should not be viewed as an alternative to the UN New Agenda for African Development (UN-NADAF). Africa continues to be concerned that the expected resource flows to Africa to the tune stipulated has not been achieved. Therefore the international community is urged to reaffirm its commitment to the UN-NADAF by providing the requisite resources. Africa views this initiative as a part of the effort in support of development of African countries including the effective implementation of both the Abuja Treaty and the Cairo Agenda for Action.

II.8 Role of Non-African Non-Governmental Organizations

135. The UN-NADAF stipulates that non-African non-governmental organizations (NGOs) should be given every encouragement to assist in the formulation and implementation of development assistance projects in the context of the international Agenda. In this context, the non-African NGOs have been active in Africa in all areas indicated in the Agenda. They have also assisted in promoting non-governmental organizations at the national, sub-regional and regional levels in Africa.

136. In the Cairo Agenda for Action, Africa welcomes and recognizes the important role which non-African non-governmental organizations can play in promoting the development of Africa. However, Africa cautions that the role of non-governmental organizations, despite their useful and tangible contributions, cannot be a substitute for the role which African governments is expected to play.

C. CONCLUSION AND RECOMMENDATIONS

137. Africa made commitments under the United Nations New Agenda for the Development of Africa in the 1990s. Since then, most African countries have continued to carry out political and economic reforms. Although these reforms are beginning to bear fruit, Africa is not yet out of the rut; a lot still remains to be done before Africa can achieve a meaningful and lasting economic transformation. The UN-NADAF provides a useful framework for further actions to ensure continued recovery of the African economy. The International Community in general, and particularly the UN System should reaffirm its commitment to the implementation of UN-NADAF. Although the recently launched UN System-wide special initiative is welcomed, it should not by any means be viewed as an alternative to UN-NADAF.

138. Although it has been difficult to obtain accurate data on some countries' performance during the period 1994-1995 and on trends over previous years, the various objectives of political and economic reforms for development under UN-

NADAF have been partially achieved, four years after the new programme was launched.

139. Great efforts have been carried out in African Counties under the aegis of the Organization of African Unity to establish peace and security, sound economic management, assumption of responsibilities by African Countries themselves, strengthening of self-management capacities and domestic resources mobilization, all conducive to favorable environment for recovery and sustainable development.

140. African countries have taken serious decisions and practical steps towards economic cooperation and integration. The implementation of the Treaty establishing the African Economic Community provides African Countries with the opportunity to approach the development of their economies in a coherent manner, by making a better use of their comparative advantages in production and hence improve their external competitiveness.

141. Results achieved by African Countries during the period 1992-1996 were limited due to among other factors, the external debt burden, decreasing resource flows, inadequate commodity prices and weak support of the International Community.

142. African countries have achieved considerable improvement in democratization, governance, peace and security. More political and financial support is needed from the part of African countries and the International Community to the OAU Mechanism For Conflict Prevention, Management and Resolution. For more effective peace making operations, adequate resources should be mobilized for the OAU peace fund.

143. African countries are committed to the development of their human resources. Their increasing tendency towards the rehabilitation of educational and health services should be encouraged. In all social and economic reforms human resources development should be a first priority, and should receive an adequate support from the International Community.

144. The increasing awareness of African countries about their fundamental objective of food security should be supported. The African Common Position On Food Security should receive the support it deserves from Africa's development partners and the UN System.

145. The African Common Position on Africa's External Debt, provides adequate solutions for Africa's debt burden. This Common Position should receive more serious consideration from the donor community. The International Community is urged to keep its commitment towards a sustainable solution for Africa's debt problem. Such solution as stated clearly in the CAIRO Agenda should go beyond debt rescheduling.

146. The commitment of the International Community to provide Africa with adequate resource flows to enable it reach the average annual growth rate of 6%.

have not materialized. In addition to the fact that the commitments pledged have not been honoured, resource flows to Africa deteriorated since 1992. For the rest of the decade the international Community is urged to honour its commitment and increase resource flows to Africa:

147. Africa is expected to lose a considerable part of its market share due to the Uruguay Round Agreement. Contrarily to what have been agreed on in the UN-NADAF, the International Community didn't ensure the balanced conclusions of the Uruguay Round, and the corrections of imperfections in commodity markets. In the coming negotiations within the World Trade Organization, the International Community is urged to strengthen and improve Africa's efforts to participate effectively in the new emerging trading system and strenghten its institutional capacity to address the new requirements of the WTO including its negotiating capacity.

148. The specialized Agencies, Funds and programmes of the UN System should have policy directives from their governing bodies and chief Executives to support the implementation of UN-NADAF and mobilize additional resources for specific programmes and projects on the light of the system wide Plan of Action elaborated by the UN-IATF.

149. During the World Summit on Social Development held in 1995 in Copenhagen, the international community at large decided to give the same priority to Africa's special case in so far as the objectives outlined in UN-NADAF were still being jointly pursued. However, it is the primary responsibility of African States to bear the bulk of their development burden by tapping as a matter of priority their own resources.

150. In various resolutions and declarations adopted by Africa following the UN-NADAF, Africa has renewed its determination and commitment to continue the political and economic momentum created by the reform processes already underway. It calls upon the international community to pursue vigorously its responsibilities and commitments under the New Agenda in order to provide full and tangible support to African efforts. Special efforts should be made by African countries and the international community to address a number of deep-rooted and debilitating factors inhibiting African development. These include good governance, increased tempo towards democratization of African societies and popular participation; the increased role of the private sector in economic activities; the rapid population growth; the low level of human capital development and capacity-building; inadequate social and economic infrastructure; undiversified economies; the Africa's external debt problem; integration of Africa's economies and the problem of commodity diversification.